



AUDIT COMMITTEE REPORT

DATE: October 15, 2020
TO: Northeast Region Board of Directors
FROM: Audit Task Team
SUBJECT: Report of Audit Task Team

A. Report Summary

1. The Audit Task Team reviewed the financial statements of the Northeast Region CSI for FY 2020. We conducted our audit in accordance with standards generally accepted in the United States for internal audits of small non-profit corporations to obtain reasonable assurance the financial statements are free of material misstatement. In our opinion the financial statements reviewed the financial position of the Northeast Region of the Construction Specifications Institute Inc. for the fiscal year ending June 30, 2020.

B. The Report

1. Summary of activities: The committee, comprised of Health Waldorf, Ken Lambert, and Roy C. Olsen, reviewed the bank statements and financial reports prepared by the Treasurer. After online correspondence and discussion among the committee members, the committee communicated with the Region Treasurer via email, to perform additional transaction documentation checks. The documentation provided to the members included:
 - a. CSI Northeast Region Balance Sheet as of July 1, 2019.
 - b. CSI Northeast Region Balance Sheet as of June 30, 2020.
 - c. Statements from PayPal.
 - d. Statements for Bank of America
 - e. Statements for Citizens Investment Services.
 - f. Statements for Fidelity Investments.
 - g. Reimbursement Receipts.
 - h. Cash Flow Reports (by category) FY 2020.
 - i. Audit Reports for FY 2018 and 2019.
 - j. Transaction Report FY 2020
 - k. 2019 Tax Return.
2. Documents not reviewed include:
 - a. Tax Return for year ending June 30, 2020.
 - b. Insurance and bonding statements.
 - c. Profit and Loss Detail for FY 2020 showing all transactions categorized to match the budget report.
 - d. FY2020 Profit and Loss Budget vs Actual Report.
3. In-person documentation check was not performed, all reviews occurred electronically, the Treasurer, Tom Scriven, provided access to all statements and documents, expense reports and receipts.

4. Financial Statements were prepared by the Treasurer July 4, 2020.
5. All disbursements are handled by check. There are no issues of concern for petty cash handling at the present time. If there is a need for miscellaneous cash transactions in the future, procedures should be documented by the finance committee and included in region policy. All disbursements to the Treasurer were signed by the Region President. Disbursements of large amounts were signed by two officers.
6. The account balances in the balance sheet dated June 30, 2019 reconcile with the account statements for the fiscal year 2020. Records also indicate Treasurer regularly reconciled accounts with bank statements on a monthly basis.
 - a. Region policy indicates the Finance Committee should also review all statements on a monthly basis. There did not appear to be regular communication between the Finance Chair and the Treasurer during FY2019, the committee could not verify whether this did or did not occur.
7. Restricted (scholarship) funds were appropriately held in a separate account. Scholarship distribution was made from the operating account and funds then transferred from the scholarship account to reimburse the operating account.
 - a. While the balance sheet report indicated the separately held scholarship account funds, the audit committee recommends the report clearly indicate these as “*restricted*” so that there is no misunderstanding of the requirement that these funds may not be utilized for general operations or considered operating reserves.
 - 1.) This recommendation was made last financial audit and has not been implemented as recommended.
8. The NER CSI had approximately 91 transactions in FY 20. A closer review of 10 transactions for clarification due to discrepancies between the Transaction Report and the Bank of America Statement. Further review of the documentation clarified the perceived discrepancies.
 - a. Check #2058 to Melody Iannone in the amount of \$500 was not shown to be cashed. Evidence of the check clearing was provided showing a downloading of the bank statement. Inquiry closed.
 - b. Check #2059 to Matt Ruis in the amount of \$500 was not shown to be cashed. Evidence of the check clearing was provided showing a downloading of the bank statement. Inquiry closed.
 - c. The undocumented transaction was a check for \$400.00 made to Christopher Webb (Mark Twain) was not cashed. The Bank of America showed the check cashed as #2092 but in reality was #2060. Inquiry closed.
9. There were no outstanding items at the end of the fiscal year nor other known outstanding items or items in dispute.
10. Federal income tax filings for FY 19 were reviewed and all appeared in proper order.

11. Federal income tax filings are in the process of being filed for a timely manner for fiscal year 20.
12. The dates of expense reimbursements indicate the treasurer has reimbursed members for travel expenses submitted outside the region policy requirement of submission within 14 days of meeting. One reimbursement made to the treasurer by the treasurer was discovered. Reimbursement for the treasure should be issued by an authorized signature other than the treasurer. All receipts appeared to be in order.
13. The income reported under Category 100 – Chapter Assessments reflect the amounts assessed and paid during the fiscal year.
14. The reports and backup financial data provided by the Treasurer, Tom Scriven, was submitted in a clear, concise, complete and correct package, allowing review by the Audit Committee to be completed without undue requests for additional information. The Audit Committee found no discrepancies or inconsistencies.

C. Suggestions for the benefit of the Region

1. None.

Respectfully submitted;

Audit Committee Task Team - Health Waldorf, Ken Lambert, and Roy C. Olsen
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END OF REPORT

Cc: Region Secretary